

Executive Summary Report

Appraisal Date 1/1/2003 – 2003 Assessment Roll

Specialty Name: Warehouses

Sales - Improved Summary:

Number of Sales: 55

Range of Sale Dates: 1/11/2000 – 3/24/2003

Sales – Ratio Study Summary:

	<u>Mean Assessed Value</u>	<u>Mean Sale Price</u>	<u>Ratio</u>	<u>COV</u>
2002 Value	\$11,874,700	\$12,813,200	92.7%	13.60%
2003 Value	\$12,470,600	\$12,813,200	97.3%	7.21%
Change	\$595,900		+4.60%	-6.39%
%Change	+5.02%		+4.96%	-46.99%

*COV is a measure of uniformity, the lower the number the better the uniformity. The negative figures of -6.39% and -46.99% actually represent an improvement.

Sales used in Analysis: All improved sales that are verified as fair market transactions were included in the analysis.

Population - Parcel Summary Data:

	<u>Land</u>	<u>Imps</u>	<u>Total</u>
2002 Value	\$991,436,996	\$1,842,092,760	\$2,833,529,756
2003 Value	\$1,038,627,396	\$1,913,935,260	\$2,952,562,656
Percent Change	4.76%	3.90%	4.20%

Number of Improved Parcels in the Population: 391

Conclusion and Recommendation:

The commercial appraisers have carefully considered the impact of the national and regional economy on King County's commercial real estate market. The terrorist events of September 11, 2001 as well as changes in the software, high tech and aircraft manufacturing business were considered in the 2002 assessment. While sales activity over several years is analyzed, primary consideration is given to current economic conditions including vacancy and lease rates. While rents have continued to soften and vacancies have increased, the sales prices indicate market value has increased. This is contrary to what we normally expect in the market. Fundamentally, when rents drop and vacancies increase, sale prices should decrease. Instead, sale prices have increased over last year's assessments. This then, would indicate capitalization rates (expected return on investments) have dropped. Falling interest rates and

demand from investors moving funds from the stock market to more secured investments in real estate has undoubtedly led to this drop. The result is increasing sale prices.

Since the values recommended in this report improve uniformity, assessment level and equity, we recommend posting them for the 2003 Assessment Roll.

Analysis Process

Area Specialty

Specialty Area – 500-Warehouses

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as commercial/industrial use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and therefore are the highest and best use of the property as improved. In those properties where the property is not at its highest and best use a token value of \$1,000 is assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

All three approaches to value; market, cost, and income, were considered for this mass appraisal valuation. After the sales verification process, the appraiser concluded that the market participants typically consider an income approach to value.

The following Departmental guidelines were considered and adhered to:

- Sales from 1/2000 to 12/02 (minimum) were considered in all analyses.
- No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends. The utilization of three years of market information without time adjustments averaged any net changes over that time period.
- This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6.

Identification of the Area

Name or Designation: Specialty Area 500: Warehouses

This report contains data pertinent to the revalue of major warehouse facilities. Specialty Area 500 encompasses all distribution and storage as well as light industrial facilities with gross building areas greater than or equal to 75,000 square feet located in King County. It is divided into neighborhoods 25, 35, 45, 60, and 80.

Boundaries: The properties are located throughout King County.

Maps:

A general map of the area is included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Description:

The industrial areas of King County have several recognized submarkets; the close-in Seattle area, the Kent Valley, and the Eastside. The increasing scarcity of industrial land is continuing to impact development. This has long been the case for close-in properties that now face redevelopment pressure into retail, residential, and other uses. Outlying properties are facing environmental and political restrictions as development of large facilities continues to spread farther from the familiar core areas outward in all available directions to less costly land.

The following is an excerpt from the published findings of a local expert in the industrial market.

Industrial Forecast – Seattle Region – Year-End 2002 by Insignia Kidder Mathews

Seattle/Close-In: The close-in market remains tight with a 5.11% vacancy rate and virtually no new construction because all of the land has already been built out. One factor that continues to keep this close-in Seattle industrial market relatively tight on available space is the conversion of industrial facilities to other uses (stadiums, ports, and government facilities). Metro King County has announced plans to demolish 240,000 s.f. of multi-tenant buildings to expand its Metro Atlantic Bus base, and Sound Transit has demolished 315,000 s.f. in preparation of constructing its maintenance facility.

South King County: South King County also known as the Kent Valley, is the largest industrial submarket in the region. The slow-down in the construction of new industrial facilities (due to a shortage of available land) has kept the Kent Valley vacancy rate at a reasonable level

East King County: The East King County industrial market has a high percentage of technology-oriented companies and the current economic slowdown hit technology firms particularly hard, pushing the industrial vacancy rate higher during 2001 and 2002.

Physically Inspected Neighborhood:

Specialty Area 500 Economic Neighborhood 80, the Eastside, is the physically inspected portion of the area for the 2003 revalue representing approximately 11% of the total population. This area includes Bellevue, Issaquah, Kirkland, Redmond, Bothell, Woodinville, and for our purposes, Shoreline. This area has benefited from population growth and high technology companies that snap up space as soon as it becomes available.

Uninspected Neighborhoods:

Specialty Area 500 Economic Neighborhood 45 includes the Kent Valley (south of South 208th Street). This neighborhood is home to a wide variety of warehouse / industrial properties that fall into the specialty warehouse category. Distribution warehouses predominate, yet manufacturing concerns such as Flow International, Exotic Metals, Hytek Finishes, and John Mansville contribute to the economic landscape. Food service industries also play a role, such as SYSCO Food Services and Oberto. Cold storage warehouses are necessarily a part of these concerns and command higher rents than ordinary warehouses, as do freight terminals (transit warehouses) characterized by long, multi-door loading docks. Both of these types of facilities sell at higher prices per square foot building area than typical warehouses. Major players in this particular area include Boeing Oregon Mesabi Trust, Campbell James Estate, CalWest Industrial Properties, RREEF Management Company and AMB Properties.

Specialty Area 500 Economic Neighborhood 25 includes Tukwila, south Renton, and the northern portion of the Kent Valley (north of South 190th Street). This neighborhood is home to a wide variety of warehouse/industrial properties that fall into the specialty warehouse category. Distribution warehouses predominate, yet manufacturing concerns such as NC Machinery, Northwest Bottling, and Western Insulfoam are a part of the population. Food service industries also play a role, such as Krusteaz Continental Mills, Food Services of America, and K&N Meats. Major players in this particular area include Segale, known as *La Pianta Limited Partnership*, Hill Investment Company, Boeing Oregon Mesabi Trust, Campbell James Estate, Tri-Land Corporation, and CalWest Industrial Properties.

Specialty Area 500 Economic Neighborhood 60, the area south of the Kingdome (Sodo), and along both sides of the Duwamish Waterway makes up the heart of Seattle's historic industrial area. This area contains a mixture of industrial processing facilities, distribution warehouses, and truck terminals. Demand has remained high with the influence of the Port of Seattle, and the new Mariner's stadium displacing a number of industrial tenants. More spot retail and office uses are expected. Some of the multi-story buildings are converted into artist's lofts. Neighborhood 60 also includes those Seattle warehouse properties mainly concentrated in Ballard, along the Ship Canal, and around South Lake Union. Here too, development pressures are growing as high tech and bio-medical startups displace older structures.

Specialty Area 500 Economic Neighborhood 35. Auburn, Pacific, Algona, Enumclaw, Federal Way, Des Moines, SeaTac, and Burien comprise the geographic locations for neighborhood 35. The variety of properties in this neighborhood is similar to that found for Economic Neighborhoods 25 and 45 described above. There are a large number of industrial parks offering a variety of available space for the particular needs of individual tenants, as well as many stand alone industrial concerns that have been built to individual specifications. Property types range from incubator space to major cold storage and distribution facilities as development has spiraled through the Kent Valley.

Preliminary Ratio Analysis

A preliminary ratio study was completed just prior to the application of the 2003 recommended values. This study benchmarks the current assessment level using 2002 posted values. The study was also repeated after application of the 2003 recommended values. The results are included in the validation section of this report, showing an improvement in the COV from 13.60% to 7.21%.

Scope of Data

Land Value Data:

The geographic appraiser in the area in which the specialty warehouse property is located is responsible for the land value used by the warehouse specialty appraiser. See appropriate area reports.

Improved Parcel Total Value Data:

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division, Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales were verified if possible by calling either the purchaser or seller, inquiring in the field or calling the real estate agent. Characteristic data is verified for all sales if possible. Due to time constraints, interior inspections were limited. Sales are listed in the "Sales Used" and "Sales Not Used" sections of this report. Additional information resides in the Assessor's procedure manual located in the Public Information area of the King County Administration Building.

Improved Parcel Total Values:

Sales comparison approach model description

In Specialty Area 500, Economic Neighborhoods 25, 35, and 45, there were 41 sales of improved properties selling between 4/20/2000 and 3/21/2003, used in the sales comparison model for the Kent Valley. These properties ranged in size from a low net rentable building area of 78,195 sq ft to a high of 1,101,404 sq. ft. The sales were divided into three ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
75,000 to 99,999 SF	5	5/1/2000 to 1/21/2002	\$40.33 to \$67.05	\$49.62
100,000 to 199,999 SF	14	4/20/2000 to 12/9/2002	\$35.61 to \$70.17	\$47.47
200,000 SF and Up	22	5/4/2000 to 3/21/2003	\$29.42 to \$58.42	\$49.49

CB Richard Ellis in their Puget Sound Fourth Quarter 2002 Industrial Market Index Brief cites Kent Warehouse Building Values as ranging between \$43 and \$74 / sq. ft.

Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2002 predicts building sale prices will range from \$45 to \$60/sq ft

In Specialty Area 500, Economic Neighborhoods 60, there were 9 sales of improved properties selling between 1/11/2002 to 3/24/2003, used in the sales comparison model for Seattle Close-In. These properties ranged in size from a low net rentable building area of 88,400 sq. ft to a high of 188,820 sq ft. The sales divided into two ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
75,000 to 99,999 SF	3	9/16/2000 to 11/21/2001	\$51.36 to \$64.43	\$57.90
100,000 to 199,999 SF	6	11/17/1999 to 8/15/2000	\$42.37 to \$91.78	\$62.78

CB Richard Ellis in their Puget Sound Fourth Quarter 2002 Industrial Market Report cites Seattle Close-In Warehouse Building Values as falling between \$60 and \$100 / sf. Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2002 predicts building sale prices will range from \$60 to \$890/sf due to scarcity of industrial space in this area.

In Specialty Area 500, Economic Neighborhood 80, there were 5 sales of improved properties selling between 2/22/2000 and 5/25/2001. These properties ranged in size from a low net rentable building area of 84,448 sq. ft to a high of 239,325 sq. ft. The sales divided into two ranges:

Gross Building Area	Number of Sales	Sale Date Range	Sales Price Per SF of NRA Range	Median Sales Price Per SF of NRA
50,000 to 99,999 SF	1	5/21/2001	\$79.81	
100,000 to 199,999 SF	4	2/11/2000 to 12/26/2000	\$52.97 to \$79.81	\$72.16

CB Richard Ellis in their Puget Sound Fourth Quarter 2002 Industrial Market Report cites Eastside Warehouse Building Values as falling between \$80 and \$110 / sq. ft. Insignia Kidder Mathews Industrial Group Industrial Forecast and Review Year-End 2002) also predicts building sale prices will range from \$60 to \$80/sq. ft of building area.

Sales comparison calibration

Only those sales coded as verified “good” were considered in the process of this revalue. There are a total of 55 improved sales, county wide, of which 41 are in the Kent Valley, 9 are in the Seattle Close-In area, and 5 are on the Eastside. These sales are considered based on price per square foot of net rentable area as found in the three property ranges described above, and are used as a general guideline check on the indicated values via the income approach for all respective neighborhoods.

Cost approach model description

Cost estimates are automatically calculated via the Marshall & Swift “black box” cost modeling system. Depreciation was based on studies done by Marshall & Swift Valuation Service. The cost is adjusted to the western region and the Seattle area. Marshall & Swift cost calculations are automatically calibrated to the data in place in the Real Property Application. Cost estimates served as value indicators for new construction projects and are also relied upon for special use properties where no income or market data exists.

Cost calibration

The Marshall & Swift cost modeling system built in to the Real Property Application is calibrated to the region and the Seattle area.

Income capitalization approach model description

The Income Approach to value was considered for all specialty warehouse properties this revalue. Income Tables were developed for each economic neighborhood in Specialty Area 500 for use in the department’s commercial income capitalization program. They are broken down by neighborhood and the Marshall & Swift occupancy use codes. These tables are appended to the end of this report. The rates for rents, vacancy, expenses and capitalization were derived from the Assessor’s records as well as published sources such as CB Commercial (cited below), Trammel Crow MarketScope, and the Puget Sound Business Journal. All rents are given as triple net, which is the norm for these types of properties. Those parcels that did not fit the income tables, due to excess land or locational influences were treated as exceptions and valued appropriately via one or more of the three approaches to value, Income, Market, or Cost.

According to CB Richard Ellis 4th Quarter 2002 Industrial Market Brief for the Puget Sound Area survey and analysis indicates that for the Eastside industrial market shell space rents from \$4.20 to \$7.80 per square foot per year and the office space in these industrial buildings rent from \$10.20 to \$16.20. This survey also reports the direct vacancy rate for the Eastside market is 10.34%. In the Kent Valley, shell space rental rates are from \$3.36 to \$5.40 per square foot per year and office space in these industrial buildings rent from \$6.00 to \$9.00. Reported direct vacancy in the Kent Valley market is 6.10%. In the Seattle Close-In industrial market, warehouse shell space rents from \$4.80 to \$6.60 per square foot per year and the office space in these buildings rents at \$6.00. Reported direct vacancy in the Seattle Close-In market is 2.20%.

Cushman & Wakefield Year-End 2002 Industrial Market and Submarket Statistics study indicates the direct vacancy in the Eastside market is 11.1%, in the Kent Valley 6.5%.

Per PricewaterhouseCoopers - Korpacz Real Estate Investor Survey, 4th Quarter 2002, states that the National Industrial Market, overall capitalization rates range from 8 to 11% with the average being 8.93%.

AREA 500-25, 35, AND 45 (Southend)

The typical rental rates per square foot range from \$3.60 to \$4.32 per square foot for warehouse space and from 10.00 to \$12.00 for the warehouse office. The vacancy rate is 7.5% and the expense rate is 10%. The market capitalization rates range from 7.5% to 10.00%.

AREA 500-60 (Seattle Close-In)

The typical rental rates per square foot range from 5.40 to \$6.60 per square foot for warehouse space and from \$9.00 to \$12.00 for the warehouse office space. The vacancy and expense rates are constant at 5% and 10% respectively for all properties. The market capitalization rates range from 7.50% to 10.00%.

AREA 500-80 (Eastside)

The typical rental rates per square foot range from \$6.60 to \$7.80 per square foot for warehouse space and from \$12.00 to \$14.00 for the warehouse office space. The vacancy and expense rates are constant at 10% for all properties respectively. The market capitalization rates range from 8.00% to 10.00%.

Income approach calibration

The models were calibrated after setting base rents by using adjustments based on size, effective age, and construction quality as recorded in the Assessor's records. See the income tables for each neighborhood included in this report. Approximately 18% of the overall specialty warehouse population fell outside of the income model. There were various reasons for this, including new construction, excess land, land value unsupported by improvement income stream, or multiple parcels involved in an industrial economic unit requiring land attributable to income adjustments. There may have been other reasons as well. However, for each instance in which the income model was not used, documentation was placed in the notes section of the Real Property Application.

Reconciliation and or validation study of calibrated value models including ratio study of hold out samples.

All parcels were individually reviewed by the specialty appraiser for correctness of the model application before final value selection. The appraiser can adjust any or all of the factors used to establish value by the model. The market rents as established by the income model were used as a guide in establishing the market rental rates used. The market rental rate applied varies somewhat but falls within an acceptable range of variation from the established guideline. All parcels, both physically inspected and uninspected were individually valued using the department's Real Property Application and the commercial income capitalization program, or, in most cases of new construction, the Marshall & Swift "black box" cost modeling program.

Final value selects were reviewed by the Senior Appraisers before posting.

Model Validation

Total Value Conclusions, Recommendations and Validation:

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is field reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The Appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The standard statistical measures of valuation performance are all within IAAO guidelines and are presented both in the Executive Summary and in the 2002 and 2003 Ratio Analysis charts included in this report.

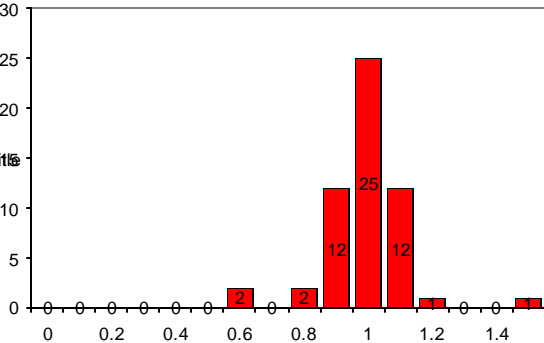
The 2003 Ratio Study Analysis indicates that the standard statistical measure of valuation level at a Weighted Mean Ratio of 0.973 is well above the 0.90 IAAO lower limit guideline and a substantial improvement from the Preliminary Ratio Study Analysis Weighted Mean Ratio of 0.927. The maximum IAAO limit for the COD for income properties (city) is 15%, and, after value selection, the COD improved from 8.86% to 5.75%. The measures for uniformity and equity all show substantial improvement. The COV improved from 13.60% to 7.21%. The price-related differential (PRD) is recommended by the IAAO as a statistical measure of vertical inequity (these exist when assessment levels vary systematically with value levels). PRDs ranging from 0.98 to 1.03 are considered to demonstrate acceptable vertical equity. The PRD remained 1.01.

The Appraisal Specialist recommends application of the Appraiser selected values, as indicated by the appropriate model or method.

Application of these recommended values for the 2003 assessment year (taxes payable in 2004) results in an average total change from the 2002 assessments of +4.08%. The 2002 assessed values total

\$2,833,529,756 whereas the 2003 recommended values total \$2,949,234,956. This increase is due partly to upward market changes over time and the previous assessment levels.

Present Improvement Ratio Calculation for Specialty Area 500

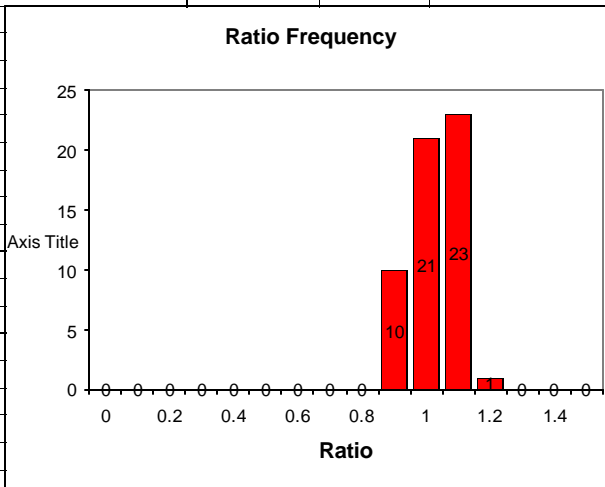
Quadrant/Crew:	Lien Date:	Date:	Sales Dates:
South Crew	1/1/2002	6/18/2003	1/11/00 - 03/24/03
Area	Appr ID:	Prop Type:	Trend used?: Y / N
500	JCOL	Improvement	N
SAMPLE STATISTICS			
Sample size (n)	55	<div><div>Ratio Frequency</div></div>	
Mean Assessed Value	11,874,700		
Mean Sales Price	12,813,200		
Standard Deviation AV	10,582,453		
Standard Deviation SP	11,110,580		
ASSESSMENT LEVEL			
Arithmetic mean ratio	0.938		
Median Ratio	0.948		
Weighted Mean Ratio	0.927		
UNIFORMITY			
Lowest ratio	0.5570		
Highest ratio:	1.4285		
Coeffient of Dispersion	8.86%		
Standard Deviation	0.1275		
Coefficient of Variation	13.60%		
Price-related Differential	1.01		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.926		
Upper limit	0.980	These figures reflect the 2002 assessed values compared to the listed sales.	
95% Confidence: Mean			
Lower limit	0.904		
Upper limit	0.971		
SAMPLE SIZE EVALUATION			
N (population size)	372		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1275		
Recommended minimum:	24		
Actual sample size:	55		
Conclusion:	OK		
NORMALITY			
Binomial Test			
# ratios below mean:	23		
# ratios above mean:	32		
z:	1.07871978		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			

These figures reflect the 2002 assessed values compared to the listed sales.

Future Improvement Ratio Calculation for Specialty Area 500

Quadrant/Crew:	Lien Date:	Date:	Sales Dates:	
South Crew	1/1/2003	6/18/2003	1/11/00 - 03/24/03	
Area	Appr ID:	Prop Type:	Trend used?: Y / N	
500	JCOL	Improvement	N	
SAMPLE STATISTICS				
Sample size (n)	55			
Mean Assessed Value	12,470,600			
Mean Sales Price	12,813,200			
Standard Deviation AV	10,896,901			
Standard Deviation SP	11,110,580			
ASSESSMENT LEVEL				
Arithmetic mean ratio	0.981			
Median Ratio	0.982			
Weighted Mean Ratio	0.973			
UNIFORMITY				
Lowest ratio	0.8340			
Highest ratio:	1.1799			
Coeffient of Dispersion	5.75%			
Standard Deviation	0.0707			
Coefficient of Variation	7.21%			
Price-related Differential	1.01			
RELIABILITY				
95% Confidence: Median				
Lower limit	0.956			
Upper limit	1.008			
95% Confidence: Mean				
Lower limit	0.962			
Upper limit	0.999			
SAMPLE SIZE EVALUATION				
N (population size)	372			
B (acceptable error - in decimal)	0.05			
S (estimated from this sample)	0.0707			
Recommended minimum:	8			
Actual sample size:	55			
Conclusion:	OK			
NORMALITY				
Binomial Test				
# ratios below mean:	27			
# ratios above mean:	28			
z:	0			
Conclusion:	Normal*			
*i.e., no evidence of non-normality				

Ratio Frequency



Ratio	Frequency
0.8340	10
0.981	21
0.982	23
1.1799	1

Axis Title

Ratio

These figures reflect the recommended 2003 assessed values compared to the listed sales.

Improvement Frozen Sales Calculation for Specialty Area 500 with Sales Used

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	025	125379	0010	91,752	1783351	\$3,700,000	10/20/00	\$40.33	MODERN MANUFACTURING		1	2	
500	025	125380	0170	132,762	1926549	\$8,375,000	12/09/02	\$63.08	VALLEY INDUSTRIAL BLDG	IM	1	2	
500	025	214600	0010	136,800	1889825	\$5,886,000	05/24/02	\$43.03	NORTHWEST CORP.PARK - EARLINGTON	IM	1	2	
500	025	334040	5300	441,751	1930952	\$23,297,000	12/30/02	\$52.74			1	2	
500	025	362304	9001	1,044,839	1889826	\$40,309,000	05/24/02	\$38.58	NORTHWEST CORPORATE PARK RENTON	IM	3	2	
500	025	362304	9005	147,410	1894123	\$5,250,000	06/26/02	\$35.61	MANNESMANN TALLY CORP	M1	1	2	
500	025	362304	9085	98,770	1839097	\$5,050,000	08/29/01	\$51.13	DISTRIBUTION WAREHOUSE	M2	1	2	
500	025	788880	0360	86,080	1864399	\$4,060,000	01/21/02	\$47.17	DISTRIBUTION WAREHOUSE	M2	1	2	
500	025	883660	0040	78,195	1750697	\$3,880,000	05/01/00	\$49.62	WEST VALLEY COMMERCE CENTER	M1	1	2	
500	025	883660	0060	137,872	1755819	\$6,100,000	05/24/00	\$44.24	WESTERN PAPER	M1	1	2	
500	035	000080	0012	273,895	1928999	\$16,000,000	12/20/02	\$58.42			1	2	
500	035	000460	0042	1,101,404	1751264	\$49,590,000	05/04/00	\$45.02	VALLEY CENTRE CORP PARK	M1	3	2	
500	035	000460	0042	1,101,404	1865740	\$54,150,000	01/31/02	\$49.16	VALLEY CENTRE CORPORATE PARK	M1	3	2	
500	035	030151	0050	263,155	1788176	\$11,500,000	11/15/00	\$43.70	WAREHOUSE	M1	1	2	
500	035	030151	0130	218,316	1929362	\$7,647,500	12/18/02	\$35.03	WAREHOUSE/INDUSTRIAL BUILDING	M1	1	2	
500	035	030151	0240	187,750	1848606	\$8,200,000	10/24/01	\$43.68	GOODYEAR	M1	1	2	
500	035	030351	0180	126,000	1768408	\$5,500,000	07/26/00	\$43.65	GENERAL AUTOMOTIVE WHSE	M1	1	2	
500	035	042204	9032	79,050	1788179	\$5,300,000	11/15/00	\$67.05	SEATAC 200		1	2	
500	035	132104	9019	283,450	1918857	\$14,600,000	10/30/02	\$51.51	AUBURN 18 DISTRIBUTION CENTER	M1	1	2	
500	035	158260	0065	386,108	1930945	\$20,418,000	12/30/02	\$52.88	BENAROYA BUSINESS PARK - AUBURN	M1	2	2	
500	035	232973	0030	124,380	1761384	\$5,679,471	06/20/00	\$45.66	EMERALD CORP. PARK BLDG 'B'	M1	1	2	
500	035	232973	0040	241,430	1899698	\$10,000,000	07/23/02	\$41.42	EMERALD CORPORATE PARK - BLDG D	M1	1	2	
500	035	232973	0080	201,170	1875995	\$9,778,531	03/28/02	\$48.61	EMERALD CORPORATE PARK- BLDG C	M1	1	2	
500	035	242104	9019	206,001	1788177	\$9,500,000	11/15/00	\$46.12	WAREHOUSE	M1	1	2	
500	035	242104	9083	108,750	1754783	\$4,650,000	05/24/00	\$42.76	CENTRAL GARDEN & PET SUPPLY	M1	1	2	
500	035	322304	9306	185,600	1755511	\$11,300,000	05/26/00	\$60.88	SEA TAC INDUSTRIAL PARK	I	3	2	
500	035	362204	9004	115,400	1826352	\$8,098,000	06/14/01	\$70.17	TOYSMITH	M1	1	2	
500	035	664960	0030	133,900	1843541	\$7,243,344	09/25/01	\$54.10	DISTRIBUTION WHSE	M1	1	2	

Area	Nbhd	Major	Minor	Total NRA	E #	Sale Price	Sale Date	SP / NRA	Property Name	Zone	Par. Ct.	Ver. Code	Remarks
500	045	000620	0002	692,484	1930958	\$37,328,000	12/30/02	\$53.90	VAN DOREN'S WEST (BENAROYA)	M1	1	2	
500	045	000620	0026	270,772	1839082	\$12,144,600	08/28/01	\$44.85	WDS II WHSE	M1	1	2	
500	045	012204	9045	960,300	1868749	\$28,250,000	02/20/02	\$29.42	VALLEY INDUSTRIAL PARK	M2	2	2	
500	045	022204	9012	276,330	1817722	\$11,000,000	05/07/01	\$39.81	WAREHOUSE/DISTRIBUTION	M1	2	2	
500	045	072205	9024	248,792	1858758	\$13,981,000	12/19/01	\$56.20	KENT EAST CORPORATE PARK	GWC	4	2	
500	045	122204	9093	343,798	1755510	\$17,129,500	05/26/00	\$49.82	CASCADE COMMERCE PARK	M1	1	2	
500	045	122204	9093	343,798	1821102	\$20,000,000	06/01/01	\$58.17	KENT VALLEY BUSINESS CENTER	M1	1	2	
500	045	122204	9113	124,972	1748027	\$6,480,000	04/20/00	\$51.85	GENERAL ELECTRIC WHSE	M1	1	2	
500	045	132204	9013	251,680	1946608	\$13,000,000	03/21/03	\$51.65	PARK 234	M1	1	2	
500	045	132204	9139	428,410	1928998	\$22,464,000	12/20/02	\$52.44	KENT 228TH INDUSTRIAL PARK	M3	4	2	
500	045	619540	0070	117,620	1826356	\$5,796,100	06/15/01	\$49.28	VAN DOREN'S LANDING #3	MI	1	2	
500	045	775780	0180	508,628	1858764	\$27,019,000	12/19/01	\$53.12	KENT EAST CORP PARK	M2	1	2	
500	045	775980	0150	170,000	1859592	\$9,450,000	12/27/01	\$55.59	MILL CREEK DISTRIBUTION CENTER I	M3	1	2	
500	060	000160	0050	188,820	1746241	\$8,000,000	03/31/00	\$42.37	DUWAMISH MANOR INDUSTRIAL PARK	MH	1	2	
500	060	000740	0015	88,400	1897345	\$1,657,500	07/09/02	\$18.75	INDUSTRIAL BUILDING	IG2U/85	1	2	
500	060	032304	9026	93,453	1777264	\$4,800,000	09/16/00	\$51.36	LINDAL CORPORATE PARK	LI	1	2	
500	060	032304	9194	123,000	1770669	\$8,300,000	08/15/00	\$67.48	FORMER SEATTLE PACKAGING WHSE	IG2U/65	2	2	
500	060	182404	9020	113,780	1769386	\$5,575,000	08/08/00	\$49.00	SEAFIRST CENTRAL SVC BLDG	IG2U/85	2	2	
500	060	182404	9060	176,031	1731441	\$11,500,400	01/11/00	\$65.33	CITY COMMERCE PARK	IG1U/85	1	2	
500	060	357320	0005	105,033	1769006	\$6,325,000	08/02/00	\$60.22	BARTELL DRUGS	IG1U/85	1	2	
500	060	395890	0851	100,780	1946622	\$5,650,000	03/24/03	\$56.06	WAREHOUSE/DISTRIBUTION	IG1U/85	1	2	
500	060	766620	5408	93,122	1853111	\$6,000,000	11/21/01	\$64.43	HUKKUN TRANSFER BUILDING	IG1U/85	1	2	
500	080	092605	9035	166,968	1736386	\$11,950,400	02/16/00	\$71.57	DISTRIBUTION WAREHOUSES	I	3	2	
500	080	152605	9006	84,448	1819826	\$6,740,000	05/25/01	\$79.81	MACKIE 2 WAREHOUSE	I	1	2	
500	080	152605	9017	239,325	1735861	\$19,100,000	02/11/00	\$79.81	DISTRIBUTION WAREHOUSES	I	2	2	
500	080	152605	9088	151,495	1794022	\$8,025,000	12/26/00	\$52.97	WOODINVILLE CORPORATE CENTER IV	I	1	2	
500	080	866335	0100	164,954	1774485	\$12,000,000	08/29/00	\$72.75	TOTEM LAKE DISTRIBUTION CENTER	LI	1	2	

USPAP Compliance

Client and Intended Use of the Appraisal:

This summary mass appraisal report is intended for use only by the King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a summary mass appraisal report as stated in USPAP SR 6-7. To fully understand this report the reader may need to refer to the Assessor's Property Record Cards, Assessors Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in revaluation of King County. King County is on a six-year physical inspection cycle with annual statistical updates. The revaluation plan is approved by Washington State Department of Revenue. The revaluation is subject to their periodic review.

Definition and date of value estimate:

Market Value

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65) . . . or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65,66, No. 65, 12/31/65)

Highest and Best Use

WAC 458-12-330 **REAL PROPERTY VALUATION—HIGHEST AND BEST USE.**

All property, unless otherwise provided by statute, shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use, which will yield the highest return on the

owner's investment. Uses which are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in estimating the highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wash. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

Date of Value Estimate

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o'clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the property card or computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date a valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market date is used as an indicator of value.

Property rights appraised:

Fee Simple

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

Special assumptions and limiting conditions:

That no opinion as to title is rendered. Data on ownership and the legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions unless shown on the maps or property record cards. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

That no engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

That rental areas herein discussed have been calculated in accord with standards developed by the American Standards Association as included in Real Estate Appraisal Terminology.

That the projections included in this report are utilized to assist in the valuation process and are based on current market conditions, anticipated short term supply and demand factors, and a continued stable economy. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

That no responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

That the appraiser is not qualified to detect the existence of potentially hazardous material, which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in our analysis to any potential diminution in value should such hazardous materials be found. We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

That no opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.

That maps, plats, and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

Exterior inspections were made of all properties however, due to lack of access few received interior inspections.

The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

We appraise fee simple interest in every property. Unless shown on the Assessor's parcel maps, we do not consider easements as adversely affecting property value.

We have attempted to segregate personal property from the real estate in our appraisals.

We have not appraised movable equipment or fixtures as part of the real estate. We have appraised identifiable permanently fixed equipment with the real estate in accordance with RCW 84.04.090 and WAC 458-12-010.

We have considered the effect of value of those anticipated public and private improvements of which we have common knowledge. We can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.

The appraisers have no personal interest or bias toward any properties that they appraise.

Departure Provisions:

Which if any USPAP Standards Rules were departed from or exempted by the Jurisdictional Exception

SR 6-2 (g)

The assessor has no access to title reports and other documents. Because of budget limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. The mass appraisal must be completed in the time limits as indicated in the Revaluation Plan and as budgeted.

MEMORANDUM

DATE: January 31, 2003

TO: Commercial Appraisers

FROM: Scott Noble, Assessor

SUBJECT: 2003 Revaluation for 2004 Tax Roll

The King County Assessor, as elected representative of the people of King County, is your client for the mass appraisal and summary report. The King County Department of Assessments subscribes to the Uniform Standards of Professional Appraisal Practice 2003. You will perform your appraisals and complete your summary mass appraisal reports in compliance with USPAP 2003. The following are your appraisal instructions and conditions:

1. You are to timely appraise the area or properties assigned to you by the revalue plan. The Departure Provision of USPAP may be invoked as necessary including special limiting conditions to complete the Revalue Plan.
2. You are to use all appropriate mass appraisal techniques as stated in USPAP, Washington State Law; Washington State Administrative Code, IAAO texts or classes.
3. The standard for validation models is the standard as delineated by IAAO in their Standard on Ratio Studies (approved 1999); and
4. Any and all other standards as published by the IAAO.
5. Appraise land as if vacant and available for development to its highest and best use [USPAP SR 6-2(i)]. The improvements are to be valued at their contribution to the total.
6. You must complete the revalue in compliance with all Washington and King County laws, codes and with due consideration of Department of Revenue guidelines. The Jurisdictional Exception is to be invoked in case USPAP does not agree with these public policies.

7. Physical inspections should be completed per the revaluation plan and statistical updates completed on the remainder of the properties as appropriate.
8. You must complete a written, summary, mass appraisal report for each area and a statistical update report in compliance with USPAP Standard 6.
9. All sales of land and improved properties should be validated as correct and verified with participants as necessary.
10. You must use at least two years of sales. No adjustments to sales prices shall be made to avoid any possibility of speculative market conditions skewing the basis for taxation.
11. Continue to review dollar per square foot as a check and balance to assessment value.
12. The intended use of the appraisal and report is the administration of ad valorem property taxation.
13. The intended users include the Assessor, Board of Equalization, Board of Tax Appeals, King County Prosecutor and Department of Revenue.

SN:swr